

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

DENNIS BORN and MARILYNN BORN,
Individually and On Behalf of All Others
Similarly Situated,

Plaintiff,

v.

QUAD/GRAPHICS, INC., J. JOEL
QUADRACCI, and DAVID J. HONAN,

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiffs Dennis and Marilyn Born (“Plaintiffs”), individually and on behalf of all others similarly situated, by and through their attorneys, allege the following upon information and belief, except as to those allegations concerning Plaintiffs, which are alleged upon personal knowledge. Plaintiffs’ information and belief is based upon, among other things, their counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Quad/Graphics, Inc. (“Quad” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Quad; and (c) review of other publicly available information concerning Quad.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Quad securities between February 21, 2018 and October 29, 2019, inclusive (the “Class Period”). Plaintiffs pursue claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Quad provides a data-driven, integrated marketing solutions platform to help clients reduce complexity, increase efficiency, and enhance marketing spend effectiveness.

3. On October 29, 2019, after the market closed, the Company slashed its quarterly dividend by 50% to \$0.15 per share, announced plans to divest its book business, reported third quarter 2019 financial results, and lowered its fiscal 2019 guidance.

4. On this news, the Company’s share price fell \$6.42 per share, or nearly 57%, to close at \$4.85 per share on October 30, 2019, on unusually high trading volume.

5. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company’s book business in United States was underperforming; (2) that, as a result, the Company was likely to divest its book business; (3) that the Company was unreasonably vulnerable to decreases in market prices; (4) that, to remain financially flexible while market

prices decreased, the Company was likely to cut its quarterly dividend and expand its cost reduction programs; and (5) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects, were materially misleading and/or lacked a reasonable basis.

6. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiffs and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

7. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

9. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. The Company has offices in this District.

10. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

11. Plaintiff Dennis Born, as set forth in the accompanying certification, incorporated by reference herein, purchased Quad securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

12. Plaintiff Marilynn Born, as set forth in the accompanying certification, incorporated by reference herein, purchased Quad securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

13. Defendant Quad is incorporated under the laws of Wisconsin with its principal executive offices located in Sussex, Wisconsin. Quad's Class A common stock trades on the New York Stock Exchange ("NYSE") under the symbol "QUAD."

14. Defendant J. Joel Quadracci ("Quadracci") was, at all relevant times, the Chief Executive Officer ("CEO") and of the Company.

15. Defendant David J. Honan ("Honan") was, at all relevant times, the Chief Financial Officer ("CFO") of the Company.

16. Defendants Quadracci and Honan (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

17. Quad provides a data-driven, integrated marketing solutions platform to help clients reduce complexity, increase efficiency, and enhance marketing spend effectiveness.

18. The Company describes its historical performance in “evolutions.” Quad 1.0 covered a 40-year period of organic growth that began with its founding in 1971. Quad 2.0 began in 2010 and marks a period of consolidating acquisitions that included World Color Press, Inc., Vertis Holdings Inc. and Brown Printing Company.

19. Quad 3.0 aims to extend the Company’s offering beyond print and content execution to include an integrated stack of marketing services. Quad purportedly uses its data-driven print expertise to help clients plan, produce, deploy, and manage marketing programs across traditional and digital channels. Accordingly, in February 2019, the Company announced that it is evolving its brand from Quad/Graphics to Quad to reflect its role as a marketing solutions partner.

**Materially False and Misleading
Statements Issued During the Class Period**

20. The Class Period begins on February 21, 2018. On that day, the Company announced its fiscal 2017 financial results. It also provided fiscal 2018 guidance, expecting net sales between \$4.0 and \$4.2 billion and adjusted EBITDA between \$410 and \$450 million. The Company’s press release stated, in relevant part:

Financial Highlights

- Net sales of \$1.2 billion for the fourth quarter 2017 and \$4.1 billion for full-year 2017 resulted in a 47% increase in net earnings to \$55 million in the quarter and a 139% increase to \$107 million for the year.
- Achieved Non-GAAP Adjusted EBITDA and Margin of \$125 million and 10.7%, respectively, for the fourth quarter 2017 and \$459 million and 11.1%, respectively, for full-year 2017.

* * *

- Announces acquisition of Ivie & Associates (“Ivie”), a leading marketing services provider.
- Provides 2018 outlook.
- Declares quarterly dividend of \$0.30 per share.

21. The same day, the Company filed its annual report on Form 10-K with the SEC for the period ended December 31, 2017 (the “2017 10-K”), affirming the previously reported financial results. Regarding pricing pressures, the Company stated:

Significant downward pricing pressure and decreasing demand for printing services caused by factors outside of the Company’s control may adversely affect the Company.

The Company has experienced significant downward pricing pressures for printing services in the past, and pricing for printing services has declined significantly in recent years. Such pricing may continue to decline from current levels. In addition, demand for printing services has decreased in recent years and may continue to decrease. Any increases in the supply of printing services or decreases in demand could cause prices to continue to decline, and prolonged periods of low prices, weak demand and/or excess supply could have a material adverse effect on the Company’s business growth, results of operations and liquidity.

22. Moreover, regarding cost reduction, the 2017 10-K stated, in relevant part:

Quad/Graphics may not be able to reduce costs and improve its operating efficiency rapidly enough to meet market conditions.

Because the markets in which the Company competes are highly competitive, Quad/Graphics will need to continue to improve its operating efficiency in order to maintain or improve its profitability. There can be no assurance that the Company’s continuing cost reduction efforts will continue to be beneficial to the extent anticipated, or that the estimated productivity, cost savings or cash flow improvements will be realized as anticipated or at all. If the Company’s efforts are not successful, it could have an adverse effect on the Company’s operations and competitive position. In addition, the need to reduce ongoing operating costs have and, in the future, may continue to result in significant up-front costs to reduce workforce, close or consolidate facilities, or upgrade equipment and technology.

23. On May 1, 2018, the Company announced its first quarter 2018 financial results, stating in relevant part:

Financial Highlights

- Delivered net sales of \$968 million and a net loss of \$3.5 million, or a \$0.07 diluted loss per share.
- Increased Non-GAAP Adjusted Diluted Earnings Per Share by 12% to \$0.58.
- Achieved Non-GAAP Adjusted EBITDA and Margin of \$111 million and 11.4%, respectively.

- Increased ownership to a majority interest in Rise Interactive, an award-winning digital marketing agency.
- Continues to successfully integrate Ivie & Associates, a leading marketing services provider.
- Declares quarterly dividend of \$0.30 per share.

24. On July 31, 2018, the Company announced its second quarter 2018 financial results, stating in relevant part:

Second Quarter Financial Highlights

- Increased net sales 5% to \$1 billion.
- Increased net earnings by \$2 million to \$9 million and diluted earnings per share by \$0.05 to \$0.18.
- Achieved Non-GAAP Adjusted EBITDA and Margin of \$90 million and 8.8%, respectively, and generated Non-GAAP Adjusted Diluted Earnings Per Share of \$0.23.
- Repurchased \$37 million of Quad/Graphics stock and launches a new \$100 million share repurchase program authorized by the Board of Directors.
- Declares quarterly dividend of \$0.30 per share.

25. On October 31, 2018, the Company announced its third quarter 2018 financial results. Quad also narrowed its fiscal 2018 guidance, expecting net sales at approximately \$4.2 billion and adjusted EBITDA between \$410 and \$430 million. The Company's press release stated, in relevant part:

Financial Highlights

- Increased third quarter 2018 net sales 2.4% to \$1.0 billion.
- Increased third quarter 2018 net earnings by 18% to \$23 million and improved third quarter diluted earnings per share by 21% to \$0.46.
- Achieved third quarter 2018 Non-GAAP Adjusted EBITDA and Margin of \$105 million and 10.2%, respectively, and generated third quarter 2018 Non-GAAP Adjusted Diluted Earnings Per Share of \$0.45.
- Narrows full-year 2018 guidance for net sales to be approximately \$4.2 billion, Adjusted EBITDA of \$410 million to \$430 million, and Free Cash Flow of approximately \$200 million.

- Announces acquisition of LSC Communications (“LSC”), a leader in print and digital media solutions.
- Declares quarterly dividend of \$0.30 per share.

26. On February 19, 2019, the Company provided its fiscal 2019 guidance, expecting net sales between \$4.05 and \$4.25 billion and adjusted EBITDA between \$360 and \$400 million. In a press release discussing its full year 2018 financial results, Quad stated, in relevant part:

Financial Highlights

- Increased full-year 2018 net sales 1.5% to \$4.2 billion with integrated services revenue now accounting for approximately 20% of net sales.
- Achieved full-year 2018 net earnings of \$8 million, diluted earnings per share of \$0.16, Non-GAAP Adjusted Diluted Earnings Per Share of \$1.79, and full-year 2018 Non-GAAP Adjusted EBITDA and Adjusted EBITDA Margin of \$415 million and 9.9%, respectively.

* * *

- Provides 2019 guidance, which includes the acquisition of Periscope, one of the nation’s top five independent creative agencies by annual revenue.
- Declares quarterly dividend of \$0.30 per share.

“2018 was a truly pivotal year in our Quad 3.0 transformation as reflected by last week’s announcement to evolve our brand from Quad/Graphics to Quad,” said Joel Quadracci, Chairman, President & CEO of Quad. “While maintaining our focus on preserving our high-quality, low-cost producer status, we made strategic investments to accelerate our transformation as a marketing solutions partner by acquiring Ivie & Associates, increasing our investment in Rise Interactive to a majority ownership and, in January 2019, acquiring Periscope. Our integrated services revenue, including Periscope, has grown to approximately 20% of our net sales, and represents over 40% growth since 2017.”

27. On February 20, 2019, the Company filed its annual report on Form 10-K with the SEC for the period ended December 31, 2018 (the “2018 10-K”), affirming the previously reported financial results. Regarding pricing pressures, the Company stated:

Significant downward pricing pressure and decreasing demand for printing services caused by factors outside of the Company’s control may adversely affect the Company.

The Company has experienced significant downward pricing pressures for printing services in the past, and pricing for printing services has declined significantly in recent years. Such pricing may continue to decline from current levels. In addition, demand for printing services has decreased in recent years and may continue to decrease. Any increases in the supply of printing services or decreases in demand could cause prices to continue to decline, and prolonged periods of low prices, weak demand and/or excess supply could have a material adverse effect on the Company's business growth, results of operations and liquidity.

28. Moreover, regarding cost reduction, the 2018 10-K stated, in relevant part:

Quad may not be able to reduce costs and improve its operating efficiency rapidly enough to meet market conditions.

Because the markets in which the Company competes are highly competitive, Quad will need to continue to improve its operating efficiency in order to maintain or improve its profitability. There can be no assurance that the Company's continuing cost reduction efforts will continue to be beneficial to the extent anticipated, or that the estimated productivity, cost savings or cash flow improvements will be realized as anticipated or at all. If the Company's efforts are not successful, it could have an adverse effect on the Company's operations and competitive position. In addition, the need to reduce ongoing operating costs have and, in the future, may continue to result in significant up-front costs to reduce workforce, close or consolidate facilities, or upgrade equipment and technology.

29. On April 30, 2019, the Company announced its first quarter 2019 financial results and reaffirmed its fiscal 2019 guidance. In a press release, the Company stated, in relevant part:

First Quarter Highlights

- Increased net sales by 3.8% to \$1 billion primarily driven by the acquisition of Periscope partially offset by a 0.6% organic sales decline, and realized a net loss of \$23 million, or \$0.45 diluted loss per share.
- Achieved Non-GAAP Adjusted EBITDA of \$70 million, within the Company's anticipated Q1 2019 guidance range of \$65 million to \$75 million, and Non-GAAP Adjusted diluted loss per share of \$0.15.
- Expect a mid-2019 close on the all-stock acquisition of LSC Communications ("LSC"), and both Quad and LSC have received the necessary shareholder approvals.
- Reaffirms full-year 2019 guidance.
- Declares quarterly dividend of \$0.30 per share.

“Our first quarter results were in-line with our expectations and reflect our consistent execution against strategic priorities,” said Joel Quadracci, Quad Chairman, President & Chief Executive Officer. “These priorities include making long-term strategic investments that further accelerate our Quad 3.0 transformation, such as our recent acquisition of Periscope, a leading independent creative agency that further enhances our integrated marketing solutions platform. We also continue to prepare for and work toward completing the acquisition of LSC Communications and expect the all-stock transaction to close in mid-2019. We believe this combination will strengthen our print platform to fuel our Quad 3.0 transformation and create further stability and value for our clients and shareholders. Our Quad 3.0 strategy is working as evidenced in new or expanded work with clients and is a significant driver behind our best quarterly organic sales performance since 2014.”

* * *

“We remain on track for delivering our 2019 financial guidance,” said Dave Honan, Quad Executive Vice President & Chief Financial Officer. “We continue to expect a decrease in Adjusted EBITDA in the front half of the year with growth in the back half of the year due to increasing synergies and revenues related to our Quad 3.0 integrated services offering as well as sustainable cost reductions and productivity improvements from the additional investments in our employees and automation.”

Quad’s next quarterly dividend of \$0.30 per share will be payable on June 7, 2019, to shareholders of record as of May 20, 2019.

30. On July 30, 2019, the Company announced its second quarter 2019 financial results and stated that it was “on track to achieve [its] full-year 2019 guidance.” In a press release, Quad stated, in relevant part:

Recent Highlights

- Reported second quarter 2019 net sales of \$1 billion and a net loss of \$15 million, or \$0.30 diluted loss per share.
- Achieved second quarter 2019 Non-GAAP Adjusted EBITDA of \$75 million, within the Company’s second quarter 2019 guidance range of \$70 million to \$80 million, and Non-GAAP Adjusted diluted loss per share of \$0.09.
- Generated second quarter 2019 cash from operations of \$75 million and Free Cash Flow of \$51 million.
- Terminated merger agreement with LSC Communications Inc. (“LSC”) and, as a result, Quad optimized its debt structure by replacing its Term Loan B with a

lower interest Term Loan A, saving approximately \$12 million in annualized interest costs.

- Announced investment and partnership with the dtx company (“dtx”), a leader in the direct-to-consumer economy.
- Declares quarterly dividend of \$0.30 per share.

“Our second quarter results were in-line with our expectations and we remain on track to achieve our full-year 2019 guidance as we continue to transform our Company as a marketing solutions partner focused on creating more value for all our stakeholders,” said Joel Quadracci, Chairman, President & CEO. “Our recent investment and partnership with the dtx company builds on a series of strategic investments, including the acquisitions of Periscope and Ivie & Associates, and a controlling ownership interest in Rise Interactive, which have all been designed to accelerate our transformation. dtx, which was founded by Tim Armstrong, formerly CEO of Oath and AOL and a senior leader at Google, empowers consumers and companies to build direct relationships. Through our partnership with dtx, we will help consumers discover and interact with direct-to-consumer brands, and help those brands acquire and retain customers with personalized, multichannel programs.”

31. The above statements identified in ¶¶ 20-30 were materially false and/or misleading, and failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company’s book business in United States was underperforming; (2) that, as a result, the Company was likely to divest its book business; (3) that the Company was unreasonably vulnerable to decreases in market prices; (4) that, to remain financially flexible while market prices decreased, the Company was likely to cut its quarterly dividend and expand its cost reduction programs; and (5) that, as a result of the foregoing, Defendants’ positive statements about the Company’s business, operations, and prospects, were materially misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

32. On October 29, 2019, after the market closed, the Company slashed its quarterly dividend by 50% to \$0.15 per share, announced plans to divest its book business, reported third quarter 2019 financial results, and lowered its fiscal 2019 guidance. The Company’s press release stated, in relevant part:

Key Actions to Accelerate Transformation

- Plans to divest book business that generates annual sales of \$200 million as part of ongoing portfolio optimization.
- Expands cost reduction program to \$50 million in annual savings.
- Resets quarterly dividend to \$0.15 per share to provide additional financial flexibility to continue to scale its Quad 3.0 strategy and maintain a strong long-term balance sheet.

“We are making bold decisions to accelerate our transformation through investments in our business that will drive long-term growth and shareholder value, and provide us with the ability to take advantage of opportunities in the rapidly changing print industry,” said Joel Quadracci, Chairman, President & CEO. “Our Quad 3.0 transformation strategy is working as evidenced by \$125 million of expected organic incremental sales growth in 2019, which helps offset over three percentage points of annual print sales decline. . . . We have made the strategic decision to divest our book business, which follows our recent sale of our non-core industrial wood crating business, Transpak. We will continue to optimize our product portfolio for the long-term to advance our Quad 3.0 transformation strategy. We’ve also made the decision to further streamline costs through our \$50 million cost reduction program and proactively reset the dividend to provide additional financial flexibility for growth-focused opportunities that address our clients’ evolving needs and to maintain a strong balance sheet over the long term.”

Guidance

The Company is updating its full-year 2019 guidance to exclude the discontinued operations of the book business and to reflect updated business trends from weakening market prices for paper byproduct recoveries, and the timing of productivity improvements from wage increases. Updated guidance is as follows:

U.S. \$	Previous 2019 Guidance Range	Updated 2019 Guidance Range Excluding Discontinued Operations
Net Sales	\$4.05 billion to \$4.25 billion	Approximately \$3.9 billion
Adjusted EBITDA	\$360 million to \$400 million	\$300 million to \$330 million
Free Cash Flow	\$145 million to \$185 million	\$80 million to \$100 million*

*Free Cash Flow excludes \$60 million in LSC-related payments and includes cash flows from discontinued operations.

33. An analyst at Buckingham Research wrote that the research firm was “absolutely shocked by these developments given the confidence management had just three months ago.”

34. On October 30, 2019, the Company held a conference call with analysts and investors to discuss these results. During the call, Defendants Quadracci and Hanon attributed the disappointing performance to “lower market prices on paper byproduct recoveries,” which would “impact full year 2019 adjusted EBITDA by at least \$25 million.”

35. On this news, the Company’s share price fell \$6.42 per share, or nearly 57%, to close at \$4.85 per share on October 30, 2019, on unusually high trading volume.

CLASS ACTION ALLEGATIONS

36. Plaintiffs bring this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Quad securities between February 21, 2018 and October 29, 2019, inclusive, and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

37. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Quad’s common shares actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiffs at this time and can only be ascertained through appropriate discovery, Plaintiffs believe that there are at least hundreds or thousands of members in the proposed Class. Millions of Quad common stock were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be identified from records maintained by Quad or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

38. Plaintiffs’ claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants’ wrongful conduct in violation of

federal law that is complained of herein.

39. Plaintiffs will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

40. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Quad; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

41. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

42. The market for Quad's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Quad's securities traded at artificially inflated prices during the Class Period. Plaintiffs and other members of the Class purchased or otherwise acquired Quad's securities relying upon the integrity of the market price of the Company's securities and market information relating to Quad, and have been damaged thereby.

43. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Quad's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Quad's business, operations, and prospects as alleged herein.

44. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiffs and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Quad's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiffs and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

45. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiffs and the Class.

46. During the Class Period, Plaintiffs and the Class purchased Quad's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

47. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Quad, their control over, and/or receipt and/or modification of Quad's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Quad, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD-ON-THE-MARKET DOCTRINE)

48. The market for Quad's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Quad's securities traded at artificially inflated prices during the Class Period. On February 23, 2018, the Company's share price closed at a Class Period high of \$30.89 per share. Plaintiffs and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Quad's securities and market information relating to Quad, and have been damaged thereby.

49. During the Class Period, the artificial inflation of Quad's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiffs and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Quad's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Quad and its business, operations, and prospects, thus causing the price of the Company's securities to be

artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiffs and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

50. At all relevant times, the market for Quad's securities was an efficient market for the following reasons, among others:

(a) Quad shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Quad filed periodic public reports with the SEC and/or the NYSE;

(c) Quad regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Quad was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

51. As a result of the foregoing, the market for Quad's securities promptly digested current information regarding Quad from all publicly available sources and reflected such information in Quad's share price. Under these circumstances, all purchasers of Quad's securities during the Class Period suffered similar injury through their purchase of Quad's securities at artificially inflated prices and a presumption of reliance applies.

52. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose

material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

53. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Quad who knew that the statement was false when made.

FIRST CLAIM
Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder
Against All Defendants

54. Plaintiffs repeats and re-alleges each and every allegation contained above as if fully set forth herein.

55. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing

public, including Plaintiffs and other Class members, as alleged herein; and (ii) cause Plaintiffs and other members of the Class to purchase Quad's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

56. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Quad's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

57. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Quad's financial well-being and prospects, as specified herein.

58. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Quad's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Quad and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

59. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives

and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

60. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Quad's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

61. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Quad's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information

that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiffs and the other members of the Class acquired Quad's securities during the Class Period at artificially high prices and were damaged thereby.

62. At the time of said misrepresentations and/or omissions, Plaintiffs and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiffs and the other members of the Class and the marketplace known the truth regarding the problems that Quad was experiencing, which were not disclosed by Defendants, Plaintiffs and other members of the Class would not have purchased or otherwise acquired their Quad securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

63. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

64. As a direct and proximate result of Defendants' wrongful conduct, Plaintiffs and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of The Exchange Act
Against the Individual Defendants

65. Plaintiffs repeat and re-allege each and every allegation contained above as if fully set forth herein.

66. Individual Defendants acted as controlling persons of Quad within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiffs

contend are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiffs to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

67. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

68. As set forth above, Quad and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiffs and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiffs and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiffs hereby demands a trial by jury.

Dated: November 7, 2019

By: s/ Lesley F. Portnoy

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Attorneys for Plaintiffs Dennis and Marilyn Born

SWORN CERTIFICATION OF PLAINTIFF

Quad/Graphics, Inc., **SECURITIES LITIGATION**

I, Dennis Born, certify:

1. I have reviewed the complaint and authorized its filing and/or adopted its allegations.
2. I did not purchase Quad/Graphics, Inc., the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in any private action arising under this title.
3. I am willing to serve as a representative party on behalf of a class and will testify at deposition and trial, if necessary.
4. My transactions in Quad/Graphics, Inc., during the class period set forth in the Complaint are as follows:

See Attached Transactions

5. I have not served as a representative party on behalf of a class under this title during the last three years except as stated:
6. I will not accept any payment for serving as a representative party, except to receive my pro rata share of any recovery or as ordered or approved by the court including the award to a representative plaintiff of reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

____ Check here if you are a current employee or former employee of the defendant Company.

I declare under penalty of perjury that the foregoing are true and correct statements.

Dated: 11-4-19

Dennis Born
(Please Sign Your Name Above)

[REDACTED]

Dennis Born's Transactions in Quad/Graphics, Inc. (QUAD)**Account 1**

Date	Transaction Type	Quantity	Unit Price
03/07/2019	Bought	1,000	\$12.1200
03/11/2019	Sold	-1,000	\$12.4500
03/29/2019	Bought	2,000	\$12.0155
05/13/2019	Bought	3,000	\$10.3600
05/17/2019	Bought	6,650	\$9.8999
05/23/2019	Bought	8,200	\$9.3200
05/23/2019	Bought	4,000	\$9.3900
06/03/2019	Bought	750	\$8.3700

Account 2

Date	Transaction Type	Quantity	Unit Price
02/05/2019	Bought	614	\$13.9800
02/08/2019	Bought	40	\$13.5500
03/05/2019	Bought	95	\$13.2400
03/12/2019	Bought	53	\$12.0000
05/17/2019	Bought	2,660	\$10.0000

Account 3

Date	Transaction Type	Quantity	Unit Price
05/22/2019	Bought	625	\$9.8500

Account 4

Date	Transaction Type	Quantity	Unit Price
05/31/2019	Bought	1,746	\$8.3570

Account 5

Date	Transaction Type	Quantity	Unit Price
06/25/2019	Bought	1,909	\$7.7800

Account 6

Date	Transaction Type	Quantity	Unit Price
05/31/2019	Bought	617	\$8.3400

SWORN CERTIFICATION OF PLAINTIFF

Quad/Graphics, Inc., **SECURITIES LITIGATION**

I, Marilyn Born certify:

1. I have reviewed the complaint and authorized its filing and/or adopted its allegations.
2. I did not purchase Quad/Graphics, Inc., the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in any private action arising under this title.
3. I am willing to serve as a representative party on behalf of a class and will testify at deposition and trial, if necessary.
4. My transactions in Quad/Graphics, Inc., during the class period set forth in the Complaint are as follows:

See Attached Transactions

5. I have not served as a representative party on behalf of a class under this title during the last three years except as stated:
6. I will not accept any payment for serving as a representative party, except to receive my pro rata share of any recovery or as ordered or approved by the court including the award to a representative plaintiff of reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

 Check here if you are a current employee or former employee of the defendant Company.

I declare under penalty of perjury that the foregoing are true and correct statements.

Dated: 11-4-19

Marilynn Born
(Please Sign Your Name Above)

[REDACTED]

Marilynn Born's Transactions in Quad/Graphics, Inc. (QUAD)

Account 1

Date	Transaction Type	Quantity	Unit Price
06/25/2019	Bought	1,563	\$7.6162

Account 2

Date	Transaction Type	Quantity	Unit Price
05/31/2019	Bought	2,981	\$8.3436